

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-09 ISO-00 CIAE-00 DODE-00 PM-04
H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01
SP-02 SS-15 USIA-15 AID-05 EB-07 EPG-02 TRSE-00
STR-04 OMB-01 CEA-01 COME-00 FRB-01 XMB-04
OPIC-06 LAB-04 SIL-01 AGRE-00 OES-07 /131 W
-----107885 280859Z /12

P R 271000Z JUN 77
FM AMEMBASSY DACCA
TO SECSTATE WASHDC PRIORITY 5188
INFO AMCONSUL CALCUTTA
AMEMBASSY ISLAMABAD
AMEMBASSY LONDON
AMEMBASSY MANILA
AMEMBASSY NEW DELHI
AMEMBASSY PARIS

UNCLAS SECTION 1 OF 2 DACCA 3459

USOECD

PASS TO AID/ASIA/BIS

MANILA FOR USADB

E.O. 11652: N/A
TAGS : EFIN, EAID, BG
SUBJECT : BANGLADESH BUDGET 1977-78: PART III:
 DEVELOPMENT & RAILWAYS

REF : (A) DACCA 3457 (B) DACCA 3458

1. SUMMARY: THIS IS THE THIRD OF THREE MESSAGES, REPORTING 1977-78
BANGLADESH BUDGET SPEECH. ANNUAL DEVELOPMENT PROGRAM FOR
1977-78, PRESENTED AS PART III OF BUDGET SPEECH OF JUNE 25,
PROVIDES SOME ADDED FIGURES AND DETAILS TO INFORMATION IN
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BANGLADESH MEMORANDUM FOR AID GROUP MEETING, BUT NATURALLY
FOLLOWS ALONG LINES ALREADY SPELLED OUT THERE AND REPORTED
DACCA 3192. RAILWAY BUDGET IS UNIMPORTANT AS PART OF
NATIONAL FINANCIAL FLOWS OR FISCAL POLICY, BUT IS NOTABLE
FOR LARGE AID-FINANCED IMPORT PROGRAM, WHICH MAY OFFER
OPPORTUNITIES TO U.S. EXPORTERS. END SUMMARY.

2. ANNUAL DEVELOPMENT PLAN (ADP) STRATEGY AND PRIORITIES.

THE STRATEGY AND PRIORITIES IN THE 1977-78 ADP ARE QUOTE,
 BASED ON THE CRITERIA, SUCH AS, ACHIEVEMENT OF QUICKER
 OUTPUT, BETTER UTILIZATION OF EXISTING CAPACITIES,
 COMPLETION OF ONGOING PROJECTS IN ADVANCED STAGE, DEVELOP-
 MENT OF BACKWARD REGIONS, GROWTH OF EXPORT ORIENTED
 INDUSTRIES AND PROJECTS/PROGRAMS FOR WHICH FOREIGN AID
 HAS ALREADY BEEN COMMITTED OR NEGOTIATIONS ARE IN
 PROGRESS, UNQUOTE.

3. ADP SECTORAL ALLOCATIONS. AS WAS THE CASE IN
 1976/77, THE 1977/78 ADP HAS A GROSS TARGET SIZE (DOLS
 842.5 MILLION) AND A NET (I.E. ACTUAL) IMPLEMENTATION
 GOAL TEN PERCENT LOWER (DOLS 742 MILLION). THE
 SECTORAL ALLOCATIONS OF THE GROSS ADP (IN DOLLARS
 MILLION AT TAKA 15.5 EQUALS ONE DOLLAR) ARE:

SECTOR	ALLOCATION
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AGRICULTURE, RURAL DEVELOPMENT, FLOOD	240
CONTROL AND WATER RESOURCES	
INDUSTRIES, NATURAL RESOURCES,	143
SCIENCE AND TECHNOLOGY	
TRANSPORT AND COMMUNICATIONS	168
POWER DEVELOPMENT	90
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PHYSICAL PLANNING AND HOUSING	67
EDUCATION AND TRAINING	40
HEALTH, POPULATION CONTROL AND	48
FAMILY PLANNING	
LABOR AND SOCIAL WELFARE	5
CYCLONE RECONSTRUCTION WORK	8
DEVELOPMENT BOARDS	11
MISCELLANEOUS	4
TOTAL	824

4. FOREIGN EXCHANGE COMPONENT. THE FOREIGN EXCHANGE
 COMPONENT OF THE GROSS ADP IS ESTIMATED AT DOLS 325
 MILLION, INCLUDING 244 MILLION AS PROJECT AID. FOR THE
 NET ADP OF 742 MILLION, THE PROJECT AID PORTION IS TO
 BE 219 MILLION.

5. SELECTED HIGHLIGHTS. (A) AGRICULTURE. RICE
 PRODUCTION IS TO REACH 13.2 MILLION TONS, TEN PERCENT
 ABOVE THE ESTIMATE FOR 1976/77. THE SEPARATE CROP TAR-
 GETS ARE: AMAN 7.2 MILLION TONS, AUS 3.2, BORO 2.8.
 QUOTE, ADEQUATE INPUT SUPPLY PROGRAM AND EXTENSION WORK WILL
 BE THE ESSENCE FOR THE REALIZATION OF THIS TARGET.

A SPECIAL INTENSIVE PROGRAM HAS BEEN BRAWN UP BY THE AGRICULTURE MINISTRY TO INCREASE PRODUCTION OF AMAN BY AT LEAST 5 LAKH TONS AT A COST OF NEARLY TAKA 13.5 CRORES. THE KEY ELEMENTS OF THE PROGRAM WILL BE SUPPLY OF CREDIT, BALANCED FERTILIZER MIX, TRAINING AND EXTENSIVE EXTENSION WORK, UNQUOTE. RAW COTTON IS TO BE GROWN ON 3,000 ACRES.

(B) INDUSTRIES. PRIORITY IS TO BE GIVEN TO INDUSTRIES USING DOMESTIC RAW MATERIALS AND PRODUCING FOR EXPORT. YET, FIVE NEW TEXTILE MILLS ARE TO GO INTO PRODUCTION IN 1977/78 (USING IMPORTED COTTON AND PRODUCING FOR THE DOMESTIC MARKET). CLOTH PRODUCTION IS TO GROW FROM 71 TO 100 MILLION YARDS. JUTE GOOD PRODUCTION IS UNCLASSIFIED

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TARGETED AT 525,000 TONS AND EXPORTS AT 500,000 TONS, UP FROM THE ACHIEVED 1976/77 EXPORT TARGET OF 465,000 TONS.

(C) TRANSPORT AND COMMUNICATIONS. IN ADDITION TO CONSIDERABLE RAILWAY DEVELOPMENT (SEE BELOW), CHITTAGONG PORT IS TO RECEIVE DOLS 10 MILLION IN DEVELOPMENT EXPENDITURES, INCLUDING NEW HANDLING EQUIPMENT. CHALNA PORT WILL RECEIVE DOLS 9 MILLION. FORTY-THREE MILLION DOLLARS IS TO BE SPENT ON THE NEW KUMIHLA AIRPORT OUTSIDE DACCA.

(D) POWER DEVELOPMENT. SPECIAL EMPHASIS IS TO BE GIVEN TO DISTRIBUTION, PARTICULARLY TO IRRIGATION PROJECTS AND RURAL ELECTRIFICATION SCHEMES.

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UNCLAS SECTION 2 OF 2 DACCA 3459

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(E) POPULATION CONTROL. TO ACHIEVE THE BDG POPULATION POLICY GOALS, QUOTE, VARIOUS PROGRAMS ARE IN OPERATION WHICH WILL BE INTENSIFIED AND NEW PROJECTS UNDERTAKEN DURING 1977-78. A SUM OF DOLS 21 MILLION HAS BEEN ALLOCATED IN THE ANNUAL DEVELOPMENT PROGRAM FOR POPULATION CONTROL PROGRAMS. THIS IS ABOUT 48 PERCENT HIGHER THAN THE REVISED ALLOCATION OF DOLS 14 MILLION FOR 1976/77. ONGOING PROGRAMS, INCLUDING IDA-ASSISTED PILOT PROGRAMS, WILL BE CONTINUED AND EXPANDED TO ENSURE FURTHER MOBILIZATION AND TO INCREASE THE NUMBER OF USERS OF FAMILY PLANNING METHODS. THE UNCLASSIFIED

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TARGET FOR 1977-78 IS TO INCREASE THE CONTRACEPTIVE USE RATE TO 13.2 PERCENT OF COUPLES. TO ACHIEVE THIS, ADDITIONAL 9,000 FIELD WORKERS WILL BE RECRUITED BY JULY 1977 TO COVER THE WHOLE COUNTRY, UNQUOTE.

(F) FOOD FOR WORK. QUOTE, DURING 1976-77 OVER 175,000 TONS OF FOODGRAINS WERE USED FOR THIS PROGRAM VALUED AT ABOUT TAKA 30 CRORES FOR BUDGETARY PURPOSE. THE SCOPE OF WORK WAS EXPANDED IN 1976-77 TO INCLUDE DEVELOPMENT OF RURAL FISHERIES THROUGH RECLAMATION OF DERELICT TANKS (PONDS). FOR 1977-78 A TOTAL QUANTITY OF 250,000 TONS OF FOODGRAINS IS PROPOSED TO BE USED FOR VARIOUS PROJECTS UNDER FOOD FOR WORK PROGRAM VALUED AT ABOUT TAKA 40 CRORES FOR BUDGETARY PURPOSES. ALREADY LONG-TERM COMMITMENTS HAVE BEEN OBTAINED FROM MAJOR DONORS IN THIS AREA. UNQUOTE.

6. RAILWAY BUDGET. WITH REVENUE RECEIPTS AT 37 MILLION

AND EXPENDITURES AT 36 MILLION, THE RAILWAY BUDGET IS BUT A PART OF THE TOTAL BDG BUDGET. THE MAIN INTEREST IN THIS BUDGET IS ON THE DEVELOPMENT SIDE, WHERE THERE MAY BE SIGNIFICANT OPPORTUNITIES FOR U.S. EXPORTERS, THE 1977-78 DEVELOPMENT PROGRAM OF DOLS 25 MILLION IS FINANCED BY ADB, SAUDI ARABIAN, U.K., FRG, JAPANESE AND CANADIAN LOANS AND GRANTS. THIS WILL PAY FOR THE IMPORT OF 42 DIESEL ENGINES (30 UNDER THE SAUDI LOAN); 173 PASSENGER CARRIAGES UNDER JAPANESE YEN CREDITS; AND FREIGHT CARS FOR CARRYING FOODGRAINS IN BULK, BOULDERS, FERTILIZER, MOLASSES (FOR EXPORT), AND OIL UNDER THE SAUDI CREDIT. WE ARE REPORTING THE DETAILS AND TENDER OPPORTUNITIES FOR U.S. EXPORTERS SEPARATELY AS THESE BECOME AVAILABLE.

MASTERS

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